

Comparison of Cost Principles

OMB Circular A-87
OMB Circular A-122
OMB Circular A-21

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OMB Circular A-87

OMB Circular A-87 establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally-recognized Indian tribal governments (governmental units).

OMB Circular A-122 (Charter Schools)

OMB Circular A-122 establishes principles for determining costs of grants, contracts and other agreements with non-profit organizations.

OMB Circular A-122 (Non-Profit Organization)

Any corporation, trust, association, cooperative, or other organization which:

- Operates a scientific, educational, service, charitable or similar purposes in the public interest
- Not organized primarily for profit
- Uses proceeds to maintain, improve, and/or expand its operations:- excludes colleges and universities, hospitals and State, local and federally-recognized Indian tribal governments (A-87)

OMB Circular A-21 (Colleges and Universities)

This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Accounting	Allowable for establishing and maintaining accounting and other information systems	Not Addressed	Not Addressed
Advertising	Allowable: Recruitment of grant personnel, procurement of goods and services; and, disposal of surplus materials except when disposal cost is reimbursed (OMB A-87 Attachment B Section 1C)	Allowable: Recruitment of grant personnel, procurement of goods and services; and, disposal of surplus materials except when disposal cost is reimbursed (OMB A-122 Attachment B Section 1C)	Allowable: Recruitment of grant personnel, procurement of goods and services; and, disposal of surplus materials except when disposal cost is reimbursed (OMB A-21 Attachment J Section 1C)

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Advertising	<p>Unallowable: Other advertising costs not specified i.e.. Cost of meetings and related activities including displays, demonstrations, exhibits; space; rental; staff salaries & wages for demonstration set-ups, and briefings; cost for promotional items and memorabilia, (models, gifts, souvenirs), and, cost for solely promoting the government unit.</p>	<p>Unallowable: Other advertising costs not specified i.e.. Cost of meetings and related activities including displays, demonstrations, exhibits; space; rental; staff salaries & wages for demonstration set-ups, and briefings; cost for promotional material and gifts; and, cost for solely promoting grant.</p>	<p>Unallowable: Other advertising costs not specified i.e.. Cost of meetings and related activities including displays, demonstrations, exhibits; space; rental; staff salaries & wages for demonstration set-ups, and briefings; cost for promotional material and gifts; and, cost for solely promoting the institution.</p>

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Advisory Councils	Allowable with prior specific approval	Not Addressed	Not Addressed
Alcoholic Beverages	Unallowable	Unallowable	Unallowable
Alumni/ae Activities	Not Addressed	Not Addressed	Unallowable
Audit Services	Allowable for single audits	Not Addressed, but allowable for audits required by and conducted in accordance with Single Audit Act	Not Addressed
Automatic Electronic Data Processing	Allowable	Not Addressed	Not Addressed

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Bad Debts	Unallowable	Unallowable	Unallowable
Bonding Costs	Allowable	Allowable	Not Addressed
Budgeting	Allowable: Cost incurred for the development, preparation, presentation, and execution of budgets	Not Addressed	Not Addressed
Communications	<p>Allowable: Cost of telephone, mail, and messenger</p> <p>Unallowable: Cell phone/PDA for personal use</p>	Allowable: Cost of telephone, mail, and messenger	Allowable: Cost of telephone, mail, and messenger

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Compensation for personnel services	Allowable as stipulated: Reasonable cost of rendered services, documented salaries, and fringe benefits	Allowable as stipulated: Reasonable cost of rendered services, documented salaries, and fringe benefits	Allowable as stipulated: Reasonable cost of rendered services, documented salaries, and fringe benefits
Commencement & Convocation Costs	Unallowable	Not Addressed	Unallowable with exception
Contingencies	Unallowable as contingency reserve	Unallowable as contingency reserve	Unallowable as contingency reserve
Conferences and Meetings	Allowable: Cost of meeting and conferences (i.e. transportation, room rental charges, speakers fees and items incidental to these meetings)	Allowable: Cost of meeting and conferences (i.e. transportation, room rental charges, speakers fees and items incidental to these meetings)	Allowable: Cost of meeting and conferences (i.e. transportation, room rental charges, speakers fees and items incidental to these meetings)

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Construction, Remodeling or Alterations	Allowable on with prior specific approval	Not Addressed	Not Addressed
Contributions and Donations	Unallowable	Unallowable	Unallowable
Deans of Faculty and Graduate Schools	Not Addressed	Not Addressed	Salaries and expenses are allowable
Debt Services	Unallowable	Unallowable	Unallowable
Defense, Prosecution, Claims and Appeals	Allowable for legal expenses necessary to administer grant programs. Unallowable for prosecution of claims against federal/state government	Generally allowable under specifics	Unallowable with exceptions

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Depreciation and use Allowance	Allowable as stipulated	Allowable as stipulated	Allowable as stipulated
Displays Demonstrations and Exhibits	Unallowable	Not Addressed	Not Addressed
Disbursing Service	Allowable for cost of disbursing funds by Treasurer or other designated officer	Not Addressed	Not Addressed
Employee Morale, Health and Welfare	Allowable	Allowable	Allowable if costs are distributed to all institutional activities
Entertainment	Unallowable	Unallowable	Unallowable
Equipment and other Capital Expenditures	Allowable (Items with unit acquisition cost of \$5,000 or more require specific prior approval)	Allowable if approved by grantor for items the lesser of grantee's capitalization or \$5,000.	Allowable if approved by grantor for items the lesser of grantee's capitalization or \$5,000.

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Executive Lobbying Costs	Unallowable	Not Addressed	Unallowable
Field Trips	Unallowable for social, entertainment or recreational purposes	Unallowable for social, entertainment or recreational purposes	Unallowable for social, entertainment or recreational purposes
Fines and Penalties	Unallowable with exceptions	Unallowable with exceptions	Unallowable with exceptions
Fundraising and Investment Management Costs	Unallowable for fundraising. Investment costs allowable if for pensions and self-insurance funds	Not Addressed	Not Addressed

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Gains and Losses on Asset Disposition	Allowable as credit or assigned to asset cost if related to depreciable property. Exceptions noted	Not Addressed	Not Addressed
General Government Expenses	Unallowable	Not Addressed	Not Addressed
Goods and Services for Personal Use	Not Addressed	Unallowable	Unallowable
Housing and Personal Living Expenses.	Not Addressed	Allowable for organization's officers when necessary for performance of sponsored award with grantor approval	Unallowable

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Idle Facilities and Capacity	Unallowable with exceptions	Unallowable with exceptions	Not Addressed
Insurance and Indemnity	Allowable with exceptions	Allowable with exceptions	Allowable with exceptions
Interest	Unallowable with exceptions	Unallowable with exceptions	Unallowable
Labor Relations	Not Addressed	Allowable	Allowable
Lobbying	Unallowable	Unallowable	Unallowable
Losses on other Awards	Not Addressed	Unallowable	Unallowable
Maintenance, Operations, and Repair of equipment purchased with grant funds	Allowable unless prohibited by law	Allowable	Allowable

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Materials and Supplies	Allowable.	Allowable.	Allowable.
Memberships, Subscriptions, and Professional Activities	Allowable for governmental unit's membership with business, professional and technical organizations. Memberships in civic organizations require specific approval	Allowable for organization's membership with civic, professional , and technical organizations. Membership must be in the name of the grantee organization and not in the name of an individual. Conference/meeting costs may be allowed	Allowable for institutional membership in business, professional and technical organizations. Membership must be in the name of the grantee organization and not in the name of an individual. Other memberships are unallowable

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Motor Pools	Allowable	Not Addressed	Not Addressed
Organization Costs	Not Addressed	Unallowable except for prior approval of the awarding agency	Not Addressed
Participant Support Costs	Not Addressed	Allowable with grantor approval	Not Addressed
Patents	Not Addressed	Allowable if required by grant agreement	Allowable for cost of obtaining patent if title vests in federal/state government or if required by grant agreement
Plant Security Costs	Not Addressed	Allowable	Allowable
Pre-Award Costs	Unallowable unless approval is given by grantor agency	Unallowable unless approval is given by grantor agency	Unallowable unless approval is given by grantor agency

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Professional Service Costs	Allowable with restrictions	Allowable with restrictions	Allowable with restrictions
Proposal Costs	Allowable cost of preparing proposals for potential Federal awards	Not Addressed	Allowable with restrictions
Public Relations	Allowable with restrictions	Not Addressed	Allowable with restrictions
Publication and Printing Costs	Allowable	Allowable with restrictions	Not Addressed
Rearrangements and Alterations	Allowable for ordinary alterations. Prior approval required for specific project	Allowable for ordinary alterations. Prior approval required for specific project	Allowable for ordinary alterations. Prior approval required for specific project
Reconversion Costs	Allowable to restore facility to previous condition (except wear and tear)	Allowable to restore facility to previous condition (except wear and tear)	Allowable to restore facility to previous condition (except wear and tear)

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Recruiting and Relocation Costs	Not Addressed	Generally allowable: Cost for help wanted advertising that includes color, etc. are unallowable	Generally allowable: Cost for help wanted advertising that includes color, etc. are unallowable
Rental Costs	Allowable with restrictions	Allowable with restrictions	Allowable with restrictions
Royalties and Other Costs for Use of Patents	Not Addressed	Allowable with restrictions	Allowable with restrictions
Sabbatical Leave Cost	Not Addressed	Not Addressed	Allowable provided institution has uniform policy
Scholarships and Student Aid Costs	Not Addressed	Not Addressed	Allowable with grantor approval

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Selling and Marketing	Not Addressed	Unallowable	Unallowable
Severance Pay	Not Addressed	Allowable if required by law, employer-employee agreement or agency policy. Prior approval required for unusual or mass layoff costs	Allowable if required by law, employer-employee agreement or agency policy. Allowability for unusual or mass layoff cost is determined on individual case
Specialized Service Facilities	Not Addressed	Allowable with restrictions	Allowable with restrictions
Student Activity Cost	Not Addressed	Not Addressed	Allowable with grantor approval

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Taxes	Allowable except for self-assessed taxes	Allowable with restrictions	Allowable with restrictions
Termination Costs	Not Addressed	Generally allowable	Generally allowable with restrictions
Training	Allowable for employee development	Allowable for employee development	Not Addressed
Travel Costs	Allowable for employees traveling on official business. Specific approval required for travel of officials (i.e., Supt., Exec. Dir., etc.). Restrictions for air travel	Allowable for employees. Restrictions for air travel	Not Addressed

Cost Principles Comparison Table

Cost	A-87	A-122	A-21
Trustees	Not Addressed	Travel costs are allowable	Travel costs are allowable
Underrecovery of Costs under Federal Agreements	Unallowable	Not Addressed	Not Addressed

Resources

- <http://www.whitehouse.gov/omb/circulars/a087/a087-all.html>
- <http://www.whitehouse.gov/omb/circulars/a122/a122.html>
- <http://www.whitehouse.gov/omb/circulars/a021/a021.html>